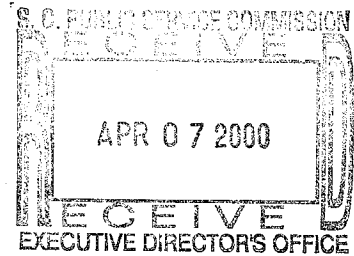


POSTED
NOW 4-7-00

TESTIMONY OF DAVID HORNSBY
T. J. BARNWELL UTILITY, INC.
SCPSC DOCKET #1999-346-S



1. Q. Please state your name and address for the Commission?

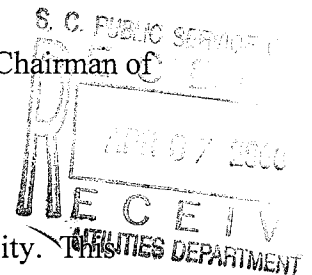
A. My name is David Hornsby and I reside at 10 River Club, Fripp Island, SC 29920

2. Q. By whom are you employed and in what capacity?

A. I am employed by the Fripp Company, Inc. and I am serving as its Chairman of the Board.

3. Q. What is your association with T. J. Barnwell Utility?

A. I am a stockholder and serve as the President of T. J. Barnwell Utility. This utility is a "S" Corporation and has eight stockholders.



4. Q. When did your organization obtain the stock of T. J. Barnwell Utility and what were the circumstances that led to this purchase?

A. In 1996 the same group of investors that own the Utility formed Pleasant Point Land Company, LLC to purchase and develop the remaining parcels of land within Pleasant Point Plantation. We were approached by a Belgium Bank to take down the unsold real estate with the contingency that we take the T. J. Barnwell Utility as part of the acquisition. We knew that the sewer system was in disrepair; however, we felt that we could make the repairs so that it would be in compliance with DHEC regulations. As it turned out we found it necessary to make major upgrades to the treatment plant and totally replace four of the pump stations.

5. Q. Was the utility collecting enough revenue to cover the operating expenses of the sewer system?

A. Based on the fixed rates of \$18.00 per month we knew that the revenue totaling approximately \$20,000 was not adequate to cover the operating expenses. We knew that we would have to apply for a rate increase, but decided to delay the request until we completed the major renovations.

6. Q. Are any "availability charges" collected from owners of vacant lots, and if so, how is that money collected and used?

A. Yes, availability charges are collected from most of the owners of vacant lots that have sewer service available. These charges are set by deed restrictions at \$20.00 per month, which by the way, is more than the present rate of \$18.00 per month that was last approved by the PSC in 1992. We, as the developer and owner of the utility,

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have committed all availability charges collected to the utility to help cover operating expenses.

7. Q. What do you mean that most of the owners pay “availability charges”?

A. There were some original property owners who bought their lots prior to the creation of the sewer utility that were not committed by their deed to pay these charges. As houses are built on their lots and connected to the sewer system the user fees are charged.

Also, as new development occurs, the vacant lots do not start paying availability charges until they are sold. This applies to a subdivision called Vivian’s Island that was developed by other developers as well as to the new subdivisions that are being developed by Pleasant Point Land Co., LLC.

8. Q. What are your plans for T. J. Barnwell Utility?

A. Our first goal was to upgrade the treatment plant and collection system so that it met DHEC requirements for providing sewer services to the Pleasant Point community. This was necessary to be able to proceed with the remaining planned development of the area.

We then plan to sell the utility to someone who specializes in providing water and sewer services. This is what we have done at other developments such as Fripp Island and Harbor Island; both located in Beaufort County.

9. Q. What is the basis for the rate increase?

A. This utility has not had a rate adjustment since 1992, and according to the record of that last hearing the Commission limited the rate to \$18.00 per month on the pretense that by limiting the rates, the utility would operate more efficiently. What this caused was a reduction in revenues as each new customer was added since they were paying \$20.00 per month for “availability charges”. I cannot speak for the utility prior to 1996 when we bought it, but it is evident from our experience that there is not enough revenue from the present rate to cover the daily operating expenses. We have hired Mr. Arnold Ellison who has extensive experience in operating and maintaining water and sewer systems to help us with our operation, the significant capital improvements we are making to the system, and the preparation of our rate case. He will present testimony that addresses the specific justification for our requested increase.

10. Q. Does this conclude your testimony?

A. Yes.